

AGENDA

North Dakota Racing Commission
Live Meeting
500 N 9th St, Bismarck, ND
Wednesday, July 2, 2003
1:00 p.m.

1. RSI
 - a. Amended Handle Reports
 - b. Appointment of Auditor
 - c. Delinquency to Special Funds
2. Appointment of Steward and Veterinarian for Fargo Meet
3. Purchase of Hardware and Software for Licensing and Breeder Registration
4. Approval of May 21, 2003, Minutes
5. Other Matters Which May Come Before the Commission

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If you plan to attend the meeting and will need special facilities or assistance relating to a disability, please contact the Racing Commission at 701-328-4633.

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North Dakota Racing Commission
Live Meeting
Wednesday, July 2, 2003
1:00 p.m.

PRESENT:

Chair Commissioner Ann Mahoney, Commissioners James Arthaud, James Boehm, Howard W. Wrigley, and James Clement, Director of Racing Paul Bowlinger, Counsel Bill Peterson, and Administrative Assistant Kelly Boespflug

OTHERS PRESENT:

Janell Cole, The Fargo Forum
Leon Glasser, NDQHRA

The meeting was called to order at 1:05 p.m. by Chair Commissioner Mahoney. The roll call was taken by Executive Director Bowlinger.

Commissioner Arthaud	-	Here
Commissioner Boehm	-	Here
Commissioner Wrigley	-	Here
Commissioner Clement	-	Here
Chair Mahoney	-	Here

AGENDA ITEM #1a & 1b
RSI - Amended Handle Reports & Appointment of Auditor

Executive Director Bowlinger stated he received a letter from Gary Storm with amended weekly handle reports. The Commission is looking for an explanation for the amended handle reports. Executive Director Bowlinger feels the only course of action is to get an auditor to RSI as soon as possible to go through where this money was being bet, how it was coming into the system, what charity it was running through, and how much it is. Executive Director Bowlinger would like the Commission's approval for Executive Director Bowlinger to have authority to ask the Attorney General for the use of an auditor from the Gaming Division. This auditor will have to check with the charities, check with the racetracks, and check with AmTote. Executive Director Bowlinger would like a report back to the Commission no later than October 1.

Commissioner Boehm moved to grant Executive Director Bowlinger authority to ask the Attorney General for the use of an auditor from the Gaming Division. Commissioner Wrigley seconded the motion.

Executive Director Bowlinger called the roll as follows:

Commissioner Wrigley	-	Yes
Commissioner Arthaud	-	Yes
Commissioner Boehm	-	Yes
Commissioner Clement	-	Yes
Chair Mahoney	-	Yes

The motion carried unanimously.

AGENDA ITEM #1c
RSI - Delinquency to Special Funds

Executive Director Bowlinger stated two payments are made by RSI, one is tax and the other is a fee. Both are due thirty days after the betting ceases. For example, if the betting ends December 31, those taxes are due January 31. The tax payment goes to the State Treasurer, and another series of payments go to the three special funds. RSI is current in its reported handle to the state general fund. January special funds were received June 3, and the Commission actually should have received payment all the way through April. Executive Director Bowlinger talked this over with counsel, and the Commission now has information submitted by RSI that there was an unreported handle.

Chair Mahoney asked Executive Director Bowlinger to explain why the Commission has allowed RSI some leeway on the special funds over the last year for the new Commissioner.

Executive Director Bowlinger stated after September 11, all the racetracks basically shut down. When the money flows out from the betting in North Dakota, it then goes to the tracks, and the tracks have to reconcile their books and send the money back. North Dakota has two issues in that we have a great volume of wagers because of our large betters, and they bet at some small tracks that are slow in reconciling their money back to RSI and to the Racing Commission. After September 11, RSI came to the Commission and asked for some leniency in giving them at least one extra month and possibly two to get that money into our special funds. The Racing Commission said that would be okay and would not assess any penalty against RSI; however, the Racing Commission would like RSI to stay on top of this issue. Three months ago Executive Director Bowlinger brought this to the Commission's attention again and stated he is starting to be uncomfortable keeping this extension out there. The rules are clear that this money is due the Commission, and the Commission has been lenient in granting that couple month extension. Considering now the Racing Commission received a report that there has been excess handle bet that was not reported, Executive Director Bowlinger thought this issue should be readdressed. Executive Director Bowlinger suggested the Commission look at the last reported date for the week ending April 20, 2003. After speaking with counsel, it would be appropriate to demand that the special funds be paid in full within 30 days and then readdress this issue. The auditor will tell the Commission what the modified handle is. Executive Director Bowlinger stated the Commission still has the authority under our statute and code to assess fines and penalties for the late payment.

Council Peterson stated that should be part of the motion, to specifically demand the money be paid by a certain date and does not waive any penalties or interest that may be due.

Commission Wrigley asked why the cutoff date is April 20. Executive Director Bowlinger stated because after April 20, the additional betting rooms came on. Chair Mahoney stated the Commission would not have a complete audited report for the period after April 20. Then the Commission can deal with what the audit result is when that's finished. Chair Mahoney suggesting giving RSI 45 days to become current with the special funds.

More discussion held.

Commissioner Boehm moved to give Racing Services Inc. until August 15 to become current with the money owed to special funds through the week of April 20, 2003, reserving any legal remedies, fines, penalties, or interest. Commissioner Arthaud seconded the motion.

Discussion held.

Executive Director Bowlinger called the roll as follows:

Commissioner Wrigley	-	Yes
Commissioner Arthaud	-	Yes
Commissioner Boehm	-	Yes
Commissioner Clement	-	Yes
Chair Mahoney	-	Yes

The motion carried unanimously.

AGENDA ITEM #2 Appointment of Steward and Veterinarian for Fargo Meet

Executive Director Bowlinger stated by statute he has the authority to hire the people that are needed to assist in running of the live race meet. In addition to the steward and veterinarian, he would hire someone to help do the licensing. Executive Director Bowlinger would like to advise the Commission the steward will be Randy Blaseg and the veterinarian will be Dr. Charlie Stoltenow. The reason Dr. Stoltenow was chosen is because Executive Director Bowlinger is working through some medication rules, and he just got a report about a positive result at Chippewa Downs. The drug testing that the Commission uses now is a fine method, but the Commission is currently using a shortened version of the rules and these rules should be modified and the person who knows the most about that in the state is Dr. Charlie Stoltenow. He's worked at two live racetracks.

Chair Mahoney stated the precedence is set with other meets for the contract. Executive Director Bowlinger stated it does not vary greatly.

Commissioner Wrigley moved the Racing Director be allowed to hire Randy Blaseg and Dr. Charlie Stoltenow if proper arrangements are agreed to and be allowed to hire a third person for licensing. Commissioner Boehm seconded the motion.

Discussion held.

Executive Director Bowlinger called the roll as follows:

Commissioner Wrigley	-	Yes
Commissioner Arthaud	-	Yes
Commissioner Boehm	-	Yes
Commissioner Clement	-	Yes
Chair Mahoney	-	Yes

The motion carried unanimously.

AGENDA ITEM #3
Purchase of Hardware and Software for Licensing and Breeder Registration

Executive Director Bowlinger explained the breeders fund is a fund that is maintained and then disbursed at the end of the year to reward the owners of North Dakota bred horses, as well as the breeders, which is the owner of the dam at the time of foaling and the stallion. The Racing Commission administers that fund. In many states they outsource it. For the administration of that, the Commission is then able to take five percent of the amount given as an administrative fee. All of this is done in paper, which is no longer practical. The Commission has approximately \$20,000 in that administrative account that has accumulated over the years. It has always been under Executive Director Bowlinger's advisement that as soon as the Commission has enough money in that account, they will use it to get a system to license and create a database, eventually with the hope that the horsemen will actually be able to go online and check out their horses.

Executive Director Bowlinger stated he priced out these systems which would put out the licensing and allow the Commission the ability to photo capture and place these into a database and store that information. One system is \$3,100 and the other system is \$4,500. Through the Commission's operating budget, Executive Director Bowlinger purchased a laptop with the money the Commission had from the last biennium, but the Commission needs a digital camera and a software package. The price will be between \$3,000 and \$4,500. In order to allow Executive Director Bowlinger to spend any money, he needs the Commission's approval to spend money from that breeders' fund administrative account. There was discussion that these funds would also encompass training on the use of the software and system.

Leon Glasser asked if there will still have to be applications provided by the owners for breeders' award. Executive Director Bowlinger stated he doesn't know that yet.

More discussion held.

Commissioner Arthaud moved to have Executive Director Bowlinger purchase the hardware and software, for less than \$5,000, from the breeders' fund administrative account. Commissioner Wrigley seconded the motion.

Executive Director Bowlinger called the roll as follows:

Commissioner Wrigley	-	Yes
Commissioner Arthaud	-	Yes
Commissioner Boehm	-	Yes
Commissioner Clement	-	Yes
Chair Mahoney	-	Yes

The motion carried unanimously.

AGENDA ITEM #4
Approval of May 21, 2003, Minutes

Commissioner Wrigley moved to approve the minutes of May 21, 2003. Commissioner Boehm seconded the motion.

Executive Director Bowlinger called the roll as follows:

Commissioner Wrigley	-	Yes
Commissioner Arthaud	-	Yes
Commissioner Boehm	-	Yes
Commissioner Clement	-	Yes
Chair Mahoney	-	Yes

The motion carried unanimously.

AGENDA ITEM #5
Other Matters Which May Come Before the Commission

a. Race Meet in Bottineau

Chair Mahoney stated two items came to the Racing Commission after the agenda was sent out that Executive Director Bowlinger should advise the Commission of.

Executive Director Bowlinger stated the Commission had a tabled issue about the granting of race dates for harness races, whether it would take place in Fargo or Bottineau. The legislature passed a bill mandating that the Racing Commission grant a license to tracks that had previously had a license, and that would include Bottineau. Bottineau had requested race dates in November. They have not since renewed their request for any specific dates. In the meantime, the Bottineau standardbreds are represented by an organization called the North Dakota Trotters and Pacers. Executive Director Bowlinger has been advised by Les Schmidt, the project manager of the Fargo racetrack, that the Trotters and Pacers had been in contact with him to get the race meet in Fargo. That is the assumption that the Commission has been operating on. However, last week Executive Director Bowlinger received a letter from Dale Lagerquist, who is a member of the Trotters and Pacers, stating they would like to run in Bottineau, and they would like to run in Fargo. On Friday Executive Director Bowlinger received a phone call from Norman Glinz who said they would like to run in Bottineau. On Monday Executive Director Bowlinger received a fax from Fargo stating that the Trotters and Pacers would like to run in Fargo. Executive Director Bowlinger has not had a lot of time to review this, and the Commission has not been able to review it. The fax is an application from Fair Circuit Horse Racing Association to run two weekends in Fargo for the Trotters and Pacers with some requests. However, Executive Director Bowlinger stated it is not legally correct, in that the affidavits are not in order. There are a lot of questions regarding this document. If the Commission were to grant the race dates in Fargo, legally the Commission would still be mandated to run in Bottineau if they request to run in Bottineau. On the other hand, if they would agree to run in Fargo and not in Bottineau, that's what the Commission has always intended. However, if they are going to only run in Bottineau, perhaps this Commission does not want to consider running in Fargo because they would be getting two meets. Only three percent of the horses in North Dakota are standardbred in our breeders fund.

Counsel Peterson explained for the new Commissioner that the legislature in the last session passed a bill requiring the Commission to reinstate race dates and issue a license under the certificate system to any racetrack in the state which was operational after December 31, 2000. So if the racetrack in Bottineau applied to have a race, the Commission would be obligated to

give them race dates. Counsel Peterson stated he thinks the Commission can deny the race dates in Fargo, but not in Bottineau.

Commissioner Arthaud stated to give the Trotters and Pacers one race date and ask them where they want it.

The Commission verbally agreed to have Executive Director Bowlinger send a letter to the Trotters and Pacers asking what their wishes are. The Commission would like assurance that no application will be made to run in Bottineau after accepting to run in Fargo.

b. Trailers

Executive Director Bowlinger stated he was at the racetrack on July 1, and the trailers that the Racing Commission has that Fair Circuit Horse Racing Association moves around for the Commission are not airtight and are dirty inside. The Commission asks the steward, veterinarian, and licensing people to be in there, and the trailers should be clean. Executive Director Bowlinger thinks the Commission should consider granting Fair Circuit money from the promotion fund in order to clean the trailers before the race meet. Executive Director Bowlinger stated he is hopeful in the next year that these matters will be addressed by Fair Circuit, and Fair Circuit will be in a position to take care of it.

Commissioner Wrigley asked how many trailers there are, and Executive Bowlinger stated there are four trailers. Commissioner Boehm asked if the trailers are used at other racetracks, and Executive Bowlinger stated they can be.

Commissioner Arthaud moved to allow Executive Director Bowlinger to have Fair Circuit Horse Racing Association hire someone up to \$2,500 for the specific purpose of cleaning the trailers and invoice back to the Racing Commission. Commissioner Wrigley seconded the motion.

Executive Director Bowlinger called the roll as follows:

Commissioner Wrigley	-	Yes
Commissioner Arthaud	-	Yes
Commissioner Boehm	-	Yes
Commissioner Clement	-	Yes
Chair Mahoney	-	Yes

The motion carried unanimously.

c. Track Compaction & FCHRA Board

Chair Mahoney recognized Leon Glasser. Mr. Glasser stated he heard that there are compaction problems at the track and asked if there are any troubles with track compaction. at the Fargo track. Executive Director Bowlinger stated none that he is aware of and stated he was on the track yesterday and it looked fine.

Mr. Glasser also stated there's a few Board of Directors on the Fair Circuit Horse Racing Association Board that are wondering who Fair Circuit is because they haven't had a meeting in two years. They keep hearing that Fair Circuit has requested this and requested that, and there

has been no Board of Director's meeting, so they were wondering if there is a new head of Fair Circuit Horse Racing that they're not aware of.

Executive Director Bowlinger asked Mr. Glasser if he serves on the Board, and Mr. Glasser stated yes.

Mr. Glasser stated he has requested, through legal counsel, Fair Circuit to send minutes of their meetings to him because he would like to know who's done what, and maybe he's been removed from the Board and has no knowledge of it because there has been no meeting. Fair Circuit has failed to respond.

Executive Director Bowlinger stated Mr. Glasser may want to get those documentations in order because this may become an issue.

d. Letter of Resignation

Chair Mahoney stated each Commissioner has a copy of a letter written to the Attorney General by Representative Rod Froehlich questioning her eligibility to continue serving on the Commission and whether the Governor had the authority to reappoint her. Attached behind that letter is Chair Mahoney's letter of resignation that she is submitting to the Governor today. (See attachment.)

The meeting was adjourned at 2:05 p.m.